

OCT 12 1953

MEMORANDUM FOR: The Honorable Robert Cutler
Special Assistant to the President

1. The memorandum concerning the proposed transoceanic cable and radio merger, transmitted by your letter of 14 September 1953, has been carefully studied. The Central Intelligence Agency has a direct and major interest in the security and dependability of communications, particularly transoceanic communications.
2. Generally, any foreign ownership or control of communications facilities which are vital to the United States presents a threat to the security and dependability of these facilities and consequently to the national defense. Similarly, any increase in control or interest by foreign business or financial circles in an American organization controlling such communications creates a potential risk. As an example, an American company faced with a business policy decision between two types of facilities required to meet competition might be informed by the Government that a certain course would promote the national interest. It would probably be inadvisable to give such information concerning the national interest if foreign elements would be in a position to benefit thereby. Various Government agencies with an interest in the field of communications do work on a classified basis with American companies, and an intermeshing of foreign interests with such companies might compromise the security information involved.
3. Accordingly, we believe it is important that the security implications of a merger be carefully studied in detail by the interested agencies prior to recommending action by the Government in connection therewith.

SIGNED

AD/C:HMMcC/KM
OGC:LRH:jeb

Allen W. Dulles
Director

Rewritten by AWD:meo (12 Oct. '53)

cc: DCI (2)

AD/C w/basic

OGC

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